

August 10, 2012

Cindy Mann, Director  
Center for Medicaid and State Operations  
Centers for Medicare and Medicaid Services  
7500 Security Boulevard, Mail Stop C 2-21-15  
Baltimore, MD 21244-1850

Dear Ms. Mann:

On behalf of the State of Kansas' Department of Health and Environment/Division of Health Care Finance, the single state Medicaid agency, I am pleased to submit this letter of request for Centers for Medicare and Medicaid Services planning funding to develop health homes for enrollees with chronic conditions.

Kansas has begun to reform its Medicaid program in order to achieve better health outcomes and control future costs. The center of this reform is the comprehensive, integrated managed care program, KanCare, which will become operational January 1, 2013. Virtually all the Medicaid population and all of the CHIP population will receive services from one of three managed care organizations (MCO) – Amerigroup Kansas, Inc.; Sunflower State Health Plan, Inc.; or United Healthcare of the Midwest, Inc. These MCOS will be at risk for all physical and behavioral health care as well as all long term services and supports.

The State will submit an 1115 demonstration waiver to request certain regulations and requirements be waived to ensure KanCare can operate as planned. A centerpiece of KanCare is the provision of health homes to certain populations beginning late in 2013 and to more populations in 2014. Kansas intends to submit one or more State Plan Amendments to implement health homes and to receive enhanced federal funding for their provision within KanCare. With health homes, Kansas has the opportunity to move to integrated whole-person care that provides financing around care for the whole person. In addition, Kansas will explore alternative access models that utilize technology and nontraditional settings for care provision. We believe this will prevent or delay institutional care and improve health outcomes.

Kansas has formed an interagency project team, along with a stakeholder focus group to begin our health homes planning and implementation efforts. As part of the implementation of KanCare, we have also formed four external workgroups, one of which will be informing our health homes effort; however, we know that extensive stakeholder outreach, including consultation with tribal nations, is critical to the success of health homes. We will reach out to some of our health foundations for assistance for some of the stakeholder education. Our anticipated use of the planning money available includes:

1. Population analysis, including identification of target group(s) and assignment algorithms - \$250,000
2. Delivery system development, including stakeholder education and outreach, provider readiness support and IT infrastructure analysis - \$328,580
3. Fiscal analysis, including actuarial analysis to support rate model(s) within a fully managed care service environment - \$300,000

We request \$500,000 of federal money for these activities. We will match that amount at 43.09 percent for a total of \$878,580. Our Cost Allocation Plan will be amended to reflect this planning money and the unique service match rate for the state's share. All planning activities and expenditures will be reported on the CMS-64-10.

We expect implementation of health homes to assist us in better coordinating care for individuals with chronic conditions, allowing us to reduce avoidable hospitalizations and emergency room utilization while achieving better individual health outcomes and systems savings.

We look forward to working with your staff to transform our Medicaid program.

Sincerely,

A handwritten signature in blue ink that reads "Robert Moser". The signature is fluid and cursive, with a large initial "R" and a long, sweeping underline.

Robert Moser, M.D.  
Secretary

cc: Kari Bruffet, Director  
Division of Health Care Finance

Susan Mosier, M.D.  
Medicaid Director